

**STATE OF SOUTH CAROLINA  
DEPARTMENT OF INSURANCE**

In the Matter of:	)	
	)	
The Proposed Acquisition of Atlantic Title	)	Docket No. 2007-02
Insurance Company, n/k/a TransUnion	)	Decision and Order
National Title Insurance Company, a South	)	
Carolina domestic insurer, by Trans Union	)	
Real Estate Services, Inc., a Delaware	)	
corporation.	)	
_____	)	

This matter comes before me pursuant to the Form “A” Statement regarding the Acquisition of Control of or Merger with a Domestic Insurer (“the Form A”) filed by Trans Union Real Estate Services, Inc. (“the Applicant”), in accordance with South Carolina’s Insurance Holding Company Regulatory Act. See S.C. Code Ann. § 38-21-70 (Supp. 2006) and 25A S.C. Code Ann. Reg. 69-14 (Supp. 2006). South Carolina law requires the approval of the Director of Insurance or his designee, after a public hearing, of any merger or acquisition of control of a South Carolina domestic insurer unless after a public hearing he finds that one of the conditions set forth in S.C. Code Ann. § 38-21-90 exists. The public hearing on this acquisition was not conducted because the acquisition was consummated before approval of the Form A. The conditions set forth in § 38-21-90, however, do not appear to exist. Accordingly, the acquisition is hereby approved subject to the conditions set forth below.

**STATEMENT OF THE CASE**

Atlantic Title Insurance Company, Inc., now known as TransUnion National Title Insurance Company (“Atlantic Title”), a South Carolina domestic insurer, is a wholly owned subsidiary of Title Insurance Services Corporation, a Delaware corporation, which, in turn, is wholly

owned by the Applicant, also a Delaware Corporation. The Form A provided notice of the proposed reorganization of Atlantic Title's holding company organization. TransUnion Corp., a Delaware corporation, was formed in 2004 to serve as the holding company of Trans Union, LLC., the Applicant's parent. In connection with the reorganization of Trans Union, LLC, Marmon Holdings, Inc., a Delaware corporation and then the ultimate parent of Atlantic Title, contributed all of the membership interests of Trans Union, LLC to TransUnion Corp. in exchange for all of the capital stock of TransUnion Corp. On January 1, 2005, Marmon Holdings, Inc. distributed all of the capital stock of TransUnion Corp. to its shareholders. As a result, the capital stock of TransUnion Corp., now Atlantic Title's ultimate parent, is owned by the same persons who were the shareholders of Marmon Holdings, Inc.. These shareholders comprise approximately two hundred different persons and entities, ninety-eight percent of which are various trusts of the Pritzker family. None of these shareholders own more than ten percent of the outstanding capital stock of TransUnion Corp.

Because the transaction was consummated before the Department approved it, no public hearing was held in this matter. The Department conducted a due diligence review of the proposed transaction. Any issues concerning the Form A application were satisfactorily addressed by the parties.

#### **STATUTORY STANDARD OF REVIEW**

S.C. Code Ann. § 38-21-10(2) of the South Carolina Code of Laws creates a presumption of control whenever an acquiring entity would directly or indirectly own ten percent or more of the voting securities of a regulated entity. S.C. Code Ann. § 38-21-60 prohibits any person from acquiring control of a domestic insurer without first having filed information required pursuant to the Insurance Holding Company Regulatory Act and having obtained approval for that acquisition from the Director of Insurance or his designee under S.C. Code Ann. § 38-21-90.

S.C. Code Ann. § 38-21-90 of the Insurance Holding Regulatory Company Act specifically requires the approval of the proposed acquisition of control of a South Carolina domestic insurer unless the Director of Insurance or his designee determines, after a public hearing, that:

(1) After the change of control the domestic insurer is not able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

(2) The effect of the merger or other acquisition of control would substantially lessen competition in insurance in this State or tend to create a monopoly. In applying the competitive standard in this provision:

(a) The information requirements and standards of Section 38-21-125(C) and (D) apply.

(b) The merger or other acquisition must not be approved if the Director or his designee finds that at least one of the situations in Section 38-21-125(D) exists.

(c) The Director or his designee may condition the approval of the merger or other acquisition on the removal of the basis of disapproval within a specified period of time.

(3) The financial condition of the acquiring party might jeopardize the financial stability of the insurer or prejudice the interest of its policyholders.

(4) The plans or proposals which the acquiring party has to liquidate the insurer, sell its assets, or consolidate or merge it with a person or to make another material change in its

business or corporate structure or management are unfair and unreasonable to the insurer's policyholders and not in the public interest.

(5) The competence, experience, and integrity of those persons who would control the operation of the insurer are such that it is not in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control.

(6) The acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

Therefore, the Applicants must prove by a preponderance of the evidence that those factors do not exist.

#### **FINDINGS OF FACT**

Having considered the Form A, the findings of the review, and all supplemental materials filed in this matter, I find, by a preponderance of the evidence, the following as to the requested approval of the acquisition of Atlantic Title.

1. A Form "A" application was filed with the Department, on or about, December 4, 2006.

2. Atlantic Title is a South Carolina domestic insurer wholly owned by Title Insurance Services Corporation, a South Carolina corporation.

3. The Applicant was organized on March 14, 2003 for the purpose of acquiring all of the capital stock of Title Insurance Services Corporation and acting as a holding company for all of the real estate related operations of Trans Union, LLC, a Delaware limited liability company, and direct parent of the Applicant. The Applicant's ultimate parent, before the reorganization was effected, was Marmon Holdings, Inc., a holding company for a diversified group of more than 100 manufacturing and service companies whose origins date back to 1953.

4. The holding company organization proposed to reorganize so that the new ultimate parent of Atlantic Title is TransUnion Corp., a Delaware corporation owned and controlled by the same shareholders who owned and controlled Marmon Holdings, Inc. The holding company reorganization was consummated without Department approval. The holding company organization consented to and paid an administrative fine as a result of failing to secure Department approval before consummating the reorganization.

6. Based upon the materials submitted by the Applicant, none of the conditions provided for under S.C. Code Ann. § 38-21-90(A) existed or applied with respect to the proposed acquisition.

7. The Applicant represents that Atlantic Title would continue to comply with all requirements for licensure and would maintain its original books and records in this State.

8. The Applicant asserts in the Form A that it has no present plans to liquidate Atlantic Title or to sell its assets to any person. The Form A also states that the Applicant does not have any plans to cause Atlantic Title to merge or consolidate or transfer any of its assets with any other company. The officers and directors of Atlantic Title will continue to be Gregory L. Oxley, President, David M. Emery, Executive Vice President, Michael F. Dealy, Secretary and Treasurer, and John Wooldrige, Vice President. Atlantic Title will maintain its corporate identity and will operate as a South Carolina domestic insurer.

9. The biographical affidavits provided for the executive officers and directors of the Applicant were included in the Form A filed in 2003. That information indicates that the Applicant's proposed management team has management experience and further indicates that those individuals do not have a history of criminal convictions.

10. Atlantic Title's 2006 statutory annual statement shows total assets of US \$15,084,853 and total liabilities of US \$4,596,832, and total capital and surplus of US \$10,488,021.

### **CONCLUSIONS OF LAW**

I have considered the statutory requirements for approval of a change of control in accordance with the applicable provisions of the South Carolina Code and make the following conclusions of law:

1. Upon completion of the proposed acquisition, Atlantic Title will continue to be able to satisfy the requirements for the issuance of a license for which it is presently licensed as required by § 38-21-90 (A)(1).

2. This acquisition does not appear to substantially lessen competition or create a monopoly, which is prohibited by § 38-21-90 (A)(2).

3. The Applicant's financial condition will not jeopardize the financial stability of Atlantic Title or prejudice the interest of its policyholders pursuant to the provisions of § 38-21-90 (A)(3).

4. The transaction is neither unreasonable for policyholders nor contrary to the public interest pursuant to the provisions of § 38-21-90(A)(4).

5. The Form A indicates that the Applicant will bring some experience and expertise to the transaction. It also appears that the conditions of § 38-21-90(A)(5) would not occur because the experience and integrity of the persons who would control the operation of Atlantic Title are such that it would be in the interest of the policyholders of Atlantic Title and the public to permit the acquisition.

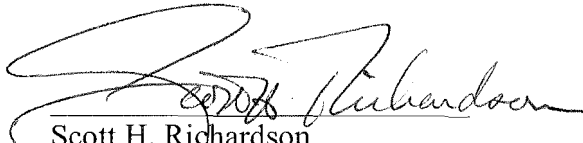
6. The proposed acquisition is not likely to be hazardous to those buying insurance as prohibited by § 38-21-90(A)(6). Any existing certificates of coverage will continue in force and effect.

## CONCLUSION

In view of the foregoing findings of fact and conclusions of law, the criteria established under S.C. Code Ann. § 38-21-90 (Supp. 2002) for approval of an acquisition of control or merger of a domestic insurer have been met. Accordingly, it is ordered that the Form A application to acquire direct control of Atlantic Title is APPROVED subject to the following conditions. The Applicant must:

1. Secure the approval of any other regulatory entities by making any required state and federal filings;
2. Comply with all applicable provisions of South Carolina law to maintain the domestic licensure of Atlantic Title, including maintaining its original books and records within the State of South Carolina;

IT IS SO ORDERED.

  
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Scott H. Richardson  
Director of Insurance

Columbia, South Carolina

April 9<sup>th</sup>, 2007